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CITY COUNCIL

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ANNE MARIE LANGAN
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TO: Thomas Tuskey, Director
Civic Center

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 5, 2009

RE: 2009-2010 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 7, 2009 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Joseph Harris, Finance Department Director
Pam Scales, Budget Director
Donna McAlister, Budget Department Team Leader
Arese Robinson, Mayor's Office

Civic Center (14)

FY 2009-2010 Budget Analysis by the Fiscal Analysis Division

Summary

The Civic Center Department is a General Fund Agency. The Mayor's Proposed Budget for 2009-2010 includes appropriations of \$16.0 million reflecting a decrease of \$3.3 million or 17.1% from fiscal year 2008-2009 budget of \$19.3 million. Budgeted revenues are \$5.5 million reflecting a decrease of \$1.9 million or 25.7% from fiscal year 2008-2009 budget of \$7.4 million.

Budgeted appropriations of \$16.0 million and revenues of \$5.5 million provide a net tax cost of \$10.5 million. The Department's net tax cost to the City has decreased by \$1.4 million or 11.8% from fiscal year 2008-2009 budget of \$11.9 million.

2008-2009 Surplus/(Deficit)

The estimated deficit in the Civic Center for fiscal year 2008-2009 is \$1.3 million due to revenue shortfall in fees and concessions.

Civic Center (14)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2008-09 <u>Budget</u>	FY 2009-10 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administrative Services	\$ 60,000	\$ 60,000	\$ -
Civic Center Facilities Operations	3,500,000	3,273,125	(226,875)
Property Management	600,000	265,807	(334,193)
Bond Interest and Redemption	-	-	-
Total	<u>\$ 4,160,000</u>	<u>\$ 3,598,932</u>	<u>\$ (561,068)</u>

Overtime

The Mayor's Proposed Budget for fiscal year 2009-2010 includes \$55,700 for salaries overtime in the Civic Center Department. This reflects a \$5,550 decrease or 9.06% change from FY 2008-2009. However, there is no budget for wages overtime in FY 2009-2010. This represents a 100% decrease from FY 2008-2009 budget of \$120,500. As of March 31, 2009, the Civic Center has expended \$177,150 or 97.5% of the FY 2008-2009 budgeted overtime of \$181,750.

Personnel and Turnover Savings

The Mayor's 2009-2010 Proposed Budget projects \$124,849 in employee turnover savings from one vacant position in the Administration (00008) appropriation.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2008-09</u>	<u>Filled Positions 3/31/2009</u>	<u>Mayor's Budget Positions FY 2009-10</u>	<u>Over/(Under) Actual to 08/09 Budget</u>	<u>Mayor's Recommended Turnover</u>
Civic Center (14):					
00008 Administration	7	5	6	(2)	\$ 124,849
140040 Sales and Marketing	8	9	7	1	\$ -
140045 Operations	4	3	4	(1)	\$ -
140090 Maintenance	0		0	0	\$ -
140100 Building Services	13	13	13	0	\$ -
140140 Security Cobo	0		0	0	\$ -
00011 Cobo Center	25	25	24	0	\$ -
11150 Property Management	4	2	4	(2)	\$ -
14XXXX Leave of Absence	0	1	0	1	\$ -
14XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
14XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$ -</u>
TOTAL	<u>36</u>	<u>33</u>	<u>34</u>	<u>(3)</u>	<u>\$ 124,849</u>

Proposed Layoffs and Position Changes

The Mayor's Proposed Budget for 2009-2010 includes the layoff of one full time employee for the Civic Center Department and the elimination of one vacant position.

Significant Funding Changes by Appropriation

<u>Appro.</u>	<u>Program</u>	
00008	Administration	The appropriation for Administrative Services of the Civic Center decreased by \$322,452. This decrease results from the following: a \$222,984 decrease in Salaries and Wages, a \$123,552 decrease in Employee Benefits, a \$10,000 decrease in Other Expenses and a \$34,084 increase in Operating Services.
00011	Cobo Center	The appropriation for Cobo Center decreased by \$932,851 due to the following: a \$165,262 decrease in Salaries and Wages, a \$44,758 decrease in Employee Benefits, a \$226,875 decrease in Professional / Contractual Services, and a \$495,956 decrease in Operating Services.
00890	Cobo – Renewal and Replacement	The appropriation for Cobo-Renewal and Replacement decreased by \$1,755,000 for Major Building Repairs.
11150	Property Management	The appropriation for Property Management decreased by \$270,953 due to the following: a \$4,793 decrease in Salaries and Wages, a \$15,109 increase in Employee Benefits, a \$334,193 decrease in Professional / Contract Services and a \$52,924 increase in Operating Services. Hart Plaza Management funding goes down by \$282,000.

Significant Revenue Changes by Appropriation

<u>Appro.</u>	<u>Program</u>	
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00008		Administration Revenues increased by \$237,700 primarily due to Miscellaneous and Restaurant Concessions going up based on actuals
00890	Cobo – Renewal and Replacement	Renewal and Replacement Revenue decreased by \$1,755,000 due to the projected decrease in Transfers From Other Funds.
11150	Property Management	Property Management Revenues have decreased by \$396,022 due to: a \$375,310 decrease in Veterans Memorial Building Rentals and a \$20,712 decrease in Hart Plaza Building Rentals.

Issues and Questions

1. What caused the significant decrease in the budgeted amount for revenues from the Veterans Memorial Building Rentals?
2. What “Greener” policies are in place currently for the Civic Center?
3. Considering the current economy, how does the Civic Center plan on booking more events? Capturing more customers? What is their strategy?
4. Why are transfers from other funds expected to decrease \$1,755,000?
5. Why isn’t there a budget for overtime for hourly employees?